

Exhibit SS

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U.S. Risks Falling Behind the World in Embracing Crypto, Warns 'Crypto Mom' SEC Commissioner

reymashayekhi 7/16/2019



Hester Peirce doesn't mind the "crypto mom" moniker she's garnered for the pro-cryptocurrency stance she's taken in her role on the Securities and Exchange Commission.



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"I've always wanted to be a mom," Peirce—who was finally confirmed as one of the SEC's five commissioners last year, after seeing a previous nomination by President Barack Obama fall through in 2016—told *Fortune's* Jeff Roberts onstage at the annual Brainstorm Tech conference in Aspen, Colo., on Tuesday. "You always get kids that you don't expect, so here we are."

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What Peirce is concerned about, however, is the SEC's reluctance to provide a firm guidance on crypto assets. It's a status quo she recently compared to "a regulatory version of an escape room," and a somewhat puzzling one in Peirce's estimation. "If you apply the reasoning that some of my colleagues at the SEC have used, there are lots of things that would [qualify as] securities," she said, citing Starbucks gift cards and Chuck E. Cheese's tokens as examples.

The situation hasn't been alleviated by the SEC's staff statement last week on the trading of "digital asset securities," which Peirce—who noted that her views do not reflect that of the SEC at large—described as "a bit of a clue, and not an answer" to how regulators should supervise the crypto trading environment in a manner that both enables commerce and protects

investors.

"A lot of the time when I meet with people in the crypto space, I hear, 'Just tell us what we need to do,'" Peirce said. While the staff statement "gave us an idea of some of the things that are troubling us in this space," she added that it does not provide "a road forward" for regulating security tokens, nor the "clarity" that would-be crypto brokers so desperately seek.

In lieu of that, Peirce is concerned that the U.S. runs the risk of falling behind its global counterparts in providing a financial regulatory framework that enables, and is hospitable to, innovation. As Facebook executive David Marcus testified to the Senate Banking Committee on Tuesday, the tech giant's venture into the cryptocurrency space, Libra, is set to be overseen by Swiss financial regulators, given that the Libra Association is setting up shop in Geneva, Switzerland.

"That's one of the worries that I have," Peirce said, in response to Roberts' question about whether America is "forfeiting innovation" to other countries by being slow to address a rapidly evolving financial ecosystem. "As you can see with the way our guidance is trickling out, it takes us a really long time to make decisions. Regulators tend not to be that nimble."

Of course, being too hasty in deliberating and releasing regulatory guidance could lead to the SEC shouldering blame for any lapses or fraudulent activity. Still, Peirce noted that "regulators in other places have taken a different approach [to the U.S.] and they're seeing innovators come to those places," citing Singapore and Bermuda, as well as Switzerland, as examples.

"People who want to steal money from other people craft their fraud around what's popular today, and crypto happens to be pretty popular," Peirce added. "I want to get that fraud addressed, because it keeps capital from flowing to good projects. My desire is to see capital flow to the places where it can be put to best use."

As such, Peirce said she's come around to the idea of regulators taking a "safe harbor approach" toward the cryptocurrency space, as a means of navigating the tricky terrain that is existing U.S. securities law. (A similar safe harbor stance has been floated for financial institutions seeking to serve the recreational cannabis industry, which remains under a federal prohibition restricting cannabis companies' access to banking and financial services.)

"We should remember that our securities laws have been around for a while," she said.

"When I first started thinking about how securities laws apply to crypto, I thought we don't have to do anything new. But as I've thought about it more, I do think a safe harbor approach may be the right approach in this space."

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